

House File 2414 - Introduced

HOUSE FILE 2414
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HF 2219)

A BILL FOR

1 An Act providing for the regulation of transportation network
2 companies, and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 321N.1 Definitions.

2 As used in this chapter, unless the context otherwise
3 requires:

4 1. *"Digital network"* means an online-enabled application,
5 software, internet site, or system offered or utilized by a
6 transportation network company that enables transportation
7 network company riders to prearrange rides with transportation
8 network company drivers.

9 2. *"Personal vehicle"* means a motor vehicle that is used by
10 a transportation network company driver and is owned, leased,
11 or otherwise authorized for use by the transportation network
12 company driver. *"Personal vehicle"* does not include a taxicab,
13 limousine, or other vehicle for hire.

14 3. *"Prearranged ride"* means the provision of transportation
15 by a transportation network company driver to a transportation
16 network company rider. A prearranged ride begins when a driver
17 accepts a ride request from a rider through a digital network
18 controlled by a transportation network company, continues while
19 the driver transports the requesting rider, and ends when
20 the last requesting rider departs from the driver's personal
21 vehicle. A prearranged ride does not include transportation
22 provided using a taxicab, limousine, or other vehicle for hire.

23 4. *"Transportation network company"* or *"company"* means a
24 corporation, partnership, sole proprietorship, or other entity
25 that operates in this state and uses a digital network to
26 connect transportation network company riders to transportation
27 network company drivers who provide prearranged rides. A
28 transportation network company is not deemed to control,
29 direct, or manage a transportation network company driver that
30 connects to its digital network, or the driver's personal
31 vehicle, except as agreed to by the company and the driver
32 pursuant to a written contract.

33 5. *"Transportation network company driver"* or *"driver"* means
34 an individual who does all of the following:

35 a. Receives connections to potential transportation network

1 company riders and other related services from a transportation
2 network company in exchange for payment of a fee to the
3 transportation network company.

4 *b.* Uses a personal vehicle to offer or provide prearranged
5 rides to transportation network company riders upon connection
6 through a digital network controlled by a transportation
7 network company in return for compensation or payment of a fee.

8 6. "*Transportation network company rider*" or "*rider*"
9 means an individual or group of individuals who use a
10 transportation network company's digital network to connect
11 with a transportation network company driver to request a
12 prearranged ride for the individual or group of individuals,
13 and who receive the prearranged ride in the driver's personal
14 vehicle between locations chosen by the individual or group of
15 individuals.

16 Sec. 2. NEW SECTION. 321N.2 **Financial responsibility.**

17 1. A transportation network company driver, or a
18 transportation network company on the driver's behalf, shall
19 maintain primary automobile insurance that does all of the
20 following:

21 *a.* Recognizes that the driver is a transportation network
22 company driver or that the driver otherwise uses a motor
23 vehicle to transport passengers for compensation.

24 *b.* Covers the driver while the driver is logged on to the
25 transportation network company's digital network and while the
26 driver is engaged in a prearranged ride.

27 *c.* Covers the driver in the amounts set forth in subsections
28 2 and 3.

29 2. *a.* While a participating transportation network company
30 driver is logged on to a transportation network company's
31 digital network and is available to receive requests for a
32 prearranged ride, but is not engaged in a prearranged ride,
33 primary automobile insurance maintained pursuant to paragraph
34 "*c*" shall cover the driver in the amount of at least fifty
35 thousand dollars because of bodily injury to or death of one

1 person in any one accident, the amount of at least one hundred
2 thousand dollars because of bodily injury to or death of two
3 or more persons in any one accident, and the amount of at
4 least twenty-five thousand dollars because of injury to or
5 destruction of property of others in any one accident.

6 *b.* The requirements of paragraph "a" shall be in addition to
7 the automobile insurance requirements set forth in chapter 516A
8 or any other provision of law.

9 *c.* The requirements of paragraph "a" may be satisfied by any
10 of the following:

11 (1) Insurance maintained by the transportation network
12 company driver.

13 (2) Insurance maintained by the transportation network
14 company.

15 (3) A combination of subparagraphs (1) and (2).

16 3. *a.* While a transportation network company driver is
17 engaged in a prearranged ride, primary automobile insurance
18 maintained pursuant to paragraph "c" shall cover the driver in
19 the amount of at least one million dollars because of bodily
20 injury to or death of one or more persons and injury to or
21 destruction of property of others in any one accident.

22 *b.* The requirements of paragraph "a" shall be in addition to
23 the automobile insurance requirements set forth in chapter 516A
24 or any other provision of law.

25 *c.* The requirements of paragraph "a" may be satisfied by any
26 of the following:

27 (1) Insurance maintained by the transportation network
28 company driver.

29 (2) Insurance maintained by the transportation network
30 company.

31 (3) A combination of subparagraphs (1) and (2).

32 4. If insurance maintained by a transportation network
33 company driver under this chapter lapses or does not provide
34 coverage in the amounts required by subsections 2 and 3,
35 insurance maintained by a transportation network company shall

1 provide coverage in the amounts required by subsections 2 and
2 3 beginning with the first dollar of a claim, and the company
3 shall have a duty to defend the claim.

4 5. Coverage under an automobile insurance policy maintained
5 by a transportation network company under this chapter
6 shall not be dependent on the insurer of a driver's personal
7 vehicle first denying a claim, nor shall a personal automobile
8 insurance policy be required to first deny a claim.

9 6. Insurance maintained under this chapter shall be
10 provided by an insurer governed by chapter 515 or 518, or by
11 a surplus lines insurer governed by chapter 515I. A surplus
12 lines insurer that issues a policy pursuant to this section
13 shall be considered an insurance carrier duly authorized to
14 transact business in this state for the purposes of chapter
15 321A.

16 7. Insurance maintained under this chapter shall be deemed
17 to satisfy the financial responsibility requirements for a
18 motor vehicle under chapter 321A.

19 8. A transportation network company driver shall carry
20 proof of financial liability coverage, as required by section
21 321.20B, in the amounts required by subsections 2 and 3, at
22 all times during which the driver uses a motor vehicle in
23 connection with the use of a transportation network company's
24 digital network. In the event of an accident, the driver
25 shall provide proof of financial liability coverage to any
26 directly interested party or insurer, and to any investigating
27 police officer, upon request and in a format provided for under
28 section 321.20B. Upon such a request, the driver shall also
29 disclose to any directly interested party or insurer, and
30 to any investigating police officer, whether the driver was
31 logged on to a company's digital network or was providing a
32 prearranged ride at the time of the accident.

33 **Sec. 3. NEW SECTION. 321N.3 Disclosure requirements.**

34 A transportation network company shall disclose all of the
35 following information to a transportation network company

1 driver in writing before the driver may accept a request from a
2 rider for a prearranged ride on the company's digital network:

3 1. The types, amounts, terms, and limits of automobile
4 insurance provided by the company to the driver while the
5 driver uses a personal vehicle in connection with the use of
6 the company's digital network.

7 2. That the driver's own automobile insurance policy,
8 depending on the policy's terms, may not provide any coverage
9 while the driver is logged on to the company's digital network
10 and is available to receive requests for a prearranged ride, or
11 while the driver is engaged in a prearranged ride.

12 Sec. 4. NEW SECTION. 321N.4 Insurers.

13 1. a. Notwithstanding any other provision of law to the
14 contrary, an insurer that writes automobile insurance within
15 this state may exclude any and all coverage afforded to an
16 insured person under a policy issued to the owner or operator
17 of a personal vehicle for any injury or loss that occurs while
18 the insured is logged on to a transportation network company's
19 digital network or while the insured is providing a prearranged
20 ride. This right to exclude coverage may apply to any type
21 of coverage provided for in the insured's policy, including
22 but not limited to liability coverage for bodily injury and
23 property damage, personal injury protection coverage, uninsured
24 and underinsured motorist coverage, medical payments coverage,
25 comprehensive physical damage coverage, and collision physical
26 damage coverage.

27 b. This chapter shall not be construed to require an
28 insurer to provide coverage to an individual while the
29 individual is logged on to a company's digital network, is
30 engaged in a prearranged ride, or is otherwise transporting
31 another individual or group of individuals in a vehicle for
32 compensation.

33 c. This chapter shall not be construed to preclude an
34 insurer from providing coverage for a transportation network
35 company driver's personal vehicle, if the insurer chooses to do

1 so by contract or endorsement.

2 2. *a.* An insurer that excludes coverage pursuant to
3 subsection 1 shall not have a duty to defend or indemnify a
4 claim expressly excluded from a policy issued by the insurer.
5 This chapter shall not be deemed to invalidate or limit an
6 exclusion contained in a policy, including a policy in use or
7 approved for use in this state prior to the effective date of
8 this Act, that excludes coverage for vehicles used to carry
9 individuals or property for compensation or vehicles available
10 for hire by the public.

11 *b.* An insurer that defends or indemnifies a claim against an
12 insured transportation network company driver that is excluded
13 under the terms of the driver's policy shall have a right
14 of action for contribution or indemnity against an insurer
15 providing automobile insurance to the driver under this chapter
16 during the period in which the loss occurred.

17 3. In a claims coverage investigation, any involved
18 transportation network company and any insurer potentially
19 providing coverage pursuant to this chapter shall cooperate to
20 facilitate the exchange of relevant information with parties
21 directly involved in the claim, and with any insurer of the
22 transportation network company driver, where applicable,
23 including but not limited to the precise times during which
24 the driver logged on and off of the company's digital network
25 in the twelve-hour period immediately preceding and in the
26 twelve-hour period immediately following the accident that
27 resulted in the claim, and shall disclose to one another a
28 clear description of any relevant automobile insurance provided
29 pursuant to this chapter, including any applicable limits and
30 exclusions.

31 Sec. 5. APPLICABILITY OF INSURANCE PROVISIONS. The section
32 of this Act enacting section 321N.2 shall apply on and after
33 the date of approval of the form filings necessary to implement
34 section 321N.2 by the commissioner of insurance as required
35 under 191 IAC 20.4.

1 EXPLANATION

2 The inclusion of this explanation does not constitute agreement with
3 the explanation's substance by the members of the general assembly.

4 This bill provides for the regulation of transportation
5 network companies (TNCs). The bill defines "transportation
6 network company" as an entity operating in this state that uses
7 a digital network to connect TNC riders to TNC drivers who
8 provide prearranged rides. The bill provides that a TNC is not
9 deemed to control, direct, or manage a TNC driver that connects
10 to the TNC's digital network, or the driver's personal vehicle,
11 except as agreed to by the TNC and the driver pursuant to a
12 written contract. The bill further defines "digital network",
13 "personal vehicle", "prearranged ride", "transportation network
14 company driver", and "transportation network company rider".

15 The bill provides that during the period in which a TNC
16 driver is logged on to a TNC's digital network and is available
17 to receive requests for a prearranged ride, but is not
18 providing a prearranged ride, primary automobile insurance
19 shall cover the driver in the amount of at least \$50,000 for
20 bodily injury to or death of one person in any one accident,
21 \$100,000 for bodily injury to or death of two or more persons
22 in any one accident, and \$25,000 for injury to or destruction
23 of property of others in any one accident. The bill further
24 provides that during the period in which a TNC driver is
25 providing a prearranged ride, primary automobile insurance
26 shall cover the driver in the amount of at least \$1 million for
27 bodily injury to or death of one or more persons and injury to
28 or destruction of property of others in any one accident. The
29 insurance required by the bill may be maintained by the TNC
30 driver, the TNC, or both.

31 The bill provides that if the insurance maintained by a
32 TNC driver lapses or does not provide coverage in the amounts
33 required by the bill, insurance maintained by a TNC shall
34 provide the coverage beginning with the first dollar of a
35 claim, and the TNC shall have a duty to defend the claim. In

1 addition, insurance maintained by a TNC shall not be dependent
2 on the insurer of a driver's personal vehicle first denying a
3 claim.

4 The insurance required by the bill shall be provided by an
5 insurer governed by Code chapter 515 or 518, or by a surplus
6 lines insurer governed by Code chapter 515I.

7 The bill requires that a TNC driver shall carry proof of
8 financial liability coverage at all times during which the
9 driver uses a vehicle in connection with the use of a TNC's
10 digital network. In the event of an accident, the driver
11 shall provide the proof of financial liability coverage, upon
12 request, to any directly interested party or insurer, and to
13 any investigating police officer.

14 The bill requires a TNC to disclose to a driver in writing
15 the types, amounts, terms, and limits of automobile insurance
16 provided by the TNC to the driver while the driver uses a
17 personal vehicle in connection with the use of the TNC's
18 digital network, and the fact that the driver's own automobile
19 insurance policy may not provide coverage while the driver
20 is logged on to the TNC's digital network or is providing a
21 prearranged ride.

22 The bill provides that an insurer may exclude coverage
23 afforded to an insured person under a policy issued to the
24 owner or operator of a personal vehicle for any injury or loss
25 that occurs while the insured is logged on to a TNC's digital
26 network or while the insured is providing a prearranged ride.
27 An insurer that excludes coverage in this way shall not have a
28 duty to defend or indemnify a claim so excluded from a policy
29 issued by the insurer. An insurer that defends or indemnifies
30 a claim against an insured TNC driver that is excluded under
31 the terms of the driver's policy shall have a right of action
32 for contribution or indemnity against an insurer providing
33 automobile insurance to the driver during the period in which
34 the loss occurred.

35 In addition, the bill provides that in a claims coverage

1 investigation, any involved TNC and any insurer potentially
2 providing coverage shall cooperate to facilitate the exchange
3 of relevant information with parties directly involved in the
4 claim.

5 The provisions of the bill relating to financial
6 responsibility do not apply until the required form filings are
7 approved by the commissioner of insurance.